

**ASSEMBLY BILL**

**No. 1354**

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**Introduced by Assembly Member Chávez**

February 22, 2013

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An act to amend Section 2827 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1354, as introduced, Chávez. Public utilities: net-energy metering.

Existing law, relative to private energy producers, requires every electric utility, as defined, to make available to an eligible customer-generator, as defined, a standard contract or tariff for net energy metering on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5% of the electric utility's aggregate customer peak demand.

This bill would make various nonsubstantive changes to this requirement.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 2827 of the Public Utilities Code is
- 2 amended to read:
- 3 2827. (a) The Legislature finds and declares that a program
- 4 to provide net energy metering combined with net surplus
- 5 compensation, co-energy metering, and wind energy co-metering
- 6 for eligible customer-generators is one way to encourage substantial
- 7 private investment in renewable energy resources, stimulate in-state

1 economic growth, reduce demand for electricity during peak  
2 consumption periods, help stabilize California's energy supply  
3 infrastructure, enhance the continued diversification of California's  
4 energy resource mix, reduce interconnection and administrative  
5 costs for electricity suppliers, and encourage conservation and  
6 efficiency.

7 (b) As used in this section, the following terms have the  
8 following meanings:

9 (1) "Co-energy metering" means a program that is the same in  
10 all other respects as a net energy metering program, except that  
11 the local publicly owned electric utility has elected to apply a  
12 generation-to-generation energy and time-of-use credit formula  
13 as provided in subdivision (i).

14 (2) "Electrical cooperative" means an electrical cooperative as  
15 defined in Section 2776.

16 (3) "Electric utility" means an electrical corporation, a local  
17 publicly owned electric utility, or an electrical cooperative, or any  
18 other entity, except an electric service provider, that offers electrical  
19 service. This section shall not apply to a local publicly owned  
20 electric utility that serves more than 750,000 customers and that  
21 also conveys water to its customers.

22 (4) "Eligible customer-generator" means a residential customer,  
23 small commercial customer as defined in subdivision (h) of Section  
24 331, or commercial, industrial, or agricultural customer of an  
25 electric utility, who uses a renewable electrical generation facility,  
26 or a combination of those facilities, with a total capacity of not  
27 more than one megawatt, that is located on the customer's owned,  
28 leased, or rented premises, and is interconnected and operates in  
29 parallel with the electrical grid, and is intended primarily to offset  
30 part or all of the customer's own electrical requirements.

31 (5) "Renewable electrical generation facility" means a facility  
32 that generates electricity from a renewable source listed in  
33 paragraph (1) of subdivision (a) of Section 25741 of the Public  
34 Resources Code. A small hydroelectric generation facility is not  
35 an eligible renewable electrical generation facility if it will cause  
36 an adverse impact on instream beneficial uses or cause a change  
37 in the volume or timing of streamflow.

38 (6) "Net energy metering" means measuring the difference  
39 between the electricity supplied through the electrical grid and the  
40 electricity generated by an eligible customer-generator and fed

back to the electrical grid over a 12-month period as described in subdivisions (c) and (h).

(7) “Net surplus customer-generator” means an eligible customer-generator that generates more electricity during a 12-month period than is supplied by the electric utility to the eligible customer-generator during the same 12-month period.

(8) “Net surplus electricity” means all electricity generated by an eligible customer-generator measured in kilowatthours over a 12-month period that exceeds the amount of electricity consumed by that eligible customer-generator.

(9) “Net surplus electricity compensation” means a per kilowatthour rate offered by the electric utility to the net surplus customer-generator for net surplus electricity that is set by the ratemaking authority pursuant to subdivision (h).

(10) “Ratemaking authority” means, for an electrical corporation, the commission, for an electrical cooperative, its ratesetting body selected by its shareholders or members, and for a local publicly owned electric utility, the local elected body responsible for setting the rates of the local publicly owned utility.

(11) “Wind energy co-metering” means any wind energy project greater than 50 kilowatts, but not exceeding one megawatt, where the difference between the electricity supplied through the electrical grid and the electricity generated by an eligible customer-generator and fed back to the electrical grid over a 12-month period is as described in subdivision (h). Wind energy co-metering shall be accomplished pursuant to Section 2827.8.

(c) (1) Every electric utility shall develop a standard contract or tariff providing for net energy metering, and shall make this standard contract or tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5 percent of the electric utility’s aggregate customer peak demand. Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the eligible customer-generator, at the expense of the electric utility, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the eligible customer-generator pursuant to subdivision (h),

1 or to collect generating system performance information for  
2 research purposes relative to a renewable electrical generation  
3 facility. If the existing electrical meter of an eligible  
4 customer-generator is not capable of measuring the flow of  
5 electricity in two directions, the eligible customer-generator shall  
6 be responsible for all expenses involved in purchasing and  
7 installing a meter that is able to measure electricity flow in two  
8 directions. If an additional meter or meters are installed, the net  
9 energy metering calculation shall yield a result identical to that of  
10 a single meter. An eligible customer-generator that is receiving  
11 service other than through the standard contract or tariff may elect  
12 to receive service through the standard contract or tariff until the  
13 electric utility reaches the generation limit set forth in this  
14 paragraph. Once the generation limit is reached, only eligible  
15 customer-generators that had previously elected to receive service  
16 pursuant to the standard contract or tariff have a right to continue  
17 to receive service pursuant to the standard contract or tariff.  
18 Eligibility for net energy metering does not limit an eligible  
19 customer-generator's eligibility for any other rebate, incentive, or  
20 credit provided by the electric utility, or pursuant to ~~any~~ a  
21 governmental program, including rebates and incentives provided  
22 pursuant to the California Solar Initiative.

23 (2) An electrical corporation shall include a provision in the net  
24 energy metering contract or tariff requiring that ~~any~~ a customer  
25 with an existing electrical generating facility and meter who enters  
26 into a new net energy metering contract shall provide an inspection  
27 report to the electrical corporation, unless the electrical generating  
28 facility and meter have been installed or inspected within the  
29 previous three years. The inspection report shall be prepared by a  
30 ~~California-licensed~~ *California-licensed* contractor who is not the  
31 owner or operator of the facility and meter. A ~~California-licensed~~  
32 *California-licensed* electrician shall perform the inspection of the  
33 electrical portion of the facility and meter.

34 (3) (A) On an annual basis, every electric utility shall make  
35 available to the ratemaking authority information on the total rated  
36 generating capacity used by eligible customer-generators that are  
37 customers of that provider in the provider's service area and the  
38 net surplus electricity purchased by the electric utility pursuant to  
39 this section.

1 (B) An electric service provider operating pursuant to Section  
2 394 shall make available to the ratemaking authority the  
3 information required by this paragraph for each eligible  
4 customer-generator that is their customer for each service area of  
5 an electrical corporation, local publicly owned electrical utility,  
6 or electrical cooperative, in which the eligible customer-generator  
7 has net energy metering.

8 (C) The ratemaking authority shall develop a process for making  
9 the information required by this paragraph available to electric  
10 utilities, and for using that information to determine when, pursuant  
11 to paragraphs (1) and (4), an electric utility is not obligated to  
12 provide net energy metering to additional eligible  
13 customer-generators in its service area.

14 (4) An electric utility is not obligated to provide net energy  
15 metering to additional eligible customer-generators in its service  
16 area when the combined total peak demand of all electricity used  
17 by eligible customer-generators served by all the electric utilities  
18 in that service area furnishing net energy metering to eligible  
19 customer-generators exceeds 5 percent of the aggregate customer  
20 peak demand of those electric utilities.

21 (d) Every electric utility shall make all necessary forms and  
22 contracts for net energy metering and net surplus electricity  
23 compensation service available for download from the Internet.

24 (e) (1) Every electric utility shall ensure that requests for  
25 establishment of net energy metering and net surplus electricity  
26 compensation are processed in a time period not exceeding that  
27 for similarly situated customers requesting new electric service,  
28 but not to exceed 30 working days from the date it receives a  
29 completed application form for net energy metering service or net  
30 surplus electricity compensation, including a signed interconnection  
31 agreement from an eligible customer-generator and the electric  
32 inspection clearance from the governmental authority having  
33 jurisdiction.

34 (2) Every electric utility shall ensure that requests for an  
35 interconnection agreement from an eligible customer-generator  
36 are processed in a time period not to exceed 30 working days from  
37 the date it receives a completed application form from the eligible  
38 customer-generator for an interconnection agreement.

39 (3) If an electric utility is unable to process a request within the  
40 allowable timeframe pursuant to paragraph (1) or (2), it shall notify

1 the eligible customer-generator and the ratemaking authority of  
2 the reason for its inability to process the request and the expected  
3 completion date.

4 (f) (1) If a customer participates in direct transactions pursuant  
5 to paragraph (1) of subdivision (b) of Section 365, or Section 365.1,  
6 with an electric service provider that does not provide distribution  
7 service for the direct transactions, the electric utility that provides  
8 distribution service for the eligible customer-generator is not  
9 obligated to provide net energy metering or net surplus electricity  
10 compensation to the customer.

11 (2) If a customer participates in direct transactions pursuant to  
12 paragraph (1) of subdivision (b) of Section 365 with an electric  
13 service provider, and the customer is an eligible  
14 customer-generator, the electric utility that provides distribution  
15 service for the direct transactions may recover from the customer's  
16 electric service provider the incremental costs of metering and  
17 billing service related to net energy metering and net surplus  
18 electricity compensation in an amount set by the ratemaking  
19 authority.

20 (g) Except for the time-variant kilowatthour pricing portion of  
21 any tariff adopted by the commission pursuant to paragraph (4) of  
22 subdivision (a) of Section 2851, each net energy metering contract  
23 or tariff shall be identical, with respect to rate structure, all retail  
24 rate components, and any monthly charges, to the contract or tariff  
25 to which the same customer would be assigned if the customer did  
26 not use a renewable electrical generation facility, except that  
27 eligible customer-generators shall not be assessed standby charges  
28 on the electrical generating capacity or the kilowatthour production  
29 of a renewable electrical generation facility. The charges for all  
30 retail rate components for eligible customer-generators shall be  
31 based exclusively on the customer-generator's net kilowatthour  
32 consumption over a 12-month period, without regard to the eligible  
33 customer-generator's choice as to from whom it purchases  
34 electricity that is not self-generated. Any new or additional demand  
35 charge, standby charge, customer charge, minimum monthly  
36 charge, interconnection charge, or any other charge that would  
37 increase an eligible customer-generator's costs beyond those of  
38 other customers who are not eligible customer-generators in the  
39 rate class to which the eligible customer-generator would otherwise  
40 be assigned if the customer did not own, lease, rent, or otherwise

1 operate a renewable electrical generation facility is contrary to the  
2 intent of this section, and shall not form a part of net energy  
3 metering contracts or tariffs.

4 (h) For eligible customer-generators, the net energy metering  
5 calculation shall be made by measuring the difference between  
6 the electricity supplied to the eligible customer-generator and the  
7 electricity generated by the eligible customer-generator and fed  
8 back to the electrical grid over a 12-month period. The following  
9 rules shall apply to the annualized net metering calculation:

10 (1) The eligible residential or small commercial  
11 customer-generator, at the end of each 12-month period following  
12 the date of final interconnection of the eligible  
13 customer-generator's system with an electric utility, and at each  
14 anniversary date thereafter, shall be billed for electricity used  
15 during that 12-month period. The electric utility shall determine  
16 if the eligible residential or small commercial customer-generator  
17 was a net consumer or a net surplus customer-generator during  
18 that period.

19 (2) At the end of each 12-month period, where the electricity  
20 supplied during the period by the electric utility exceeds the  
21 electricity generated by the eligible residential or small commercial  
22 customer-generator during that same period, the eligible residential  
23 or small commercial customer-generator is a net electricity  
24 consumer and the electric utility shall be owed compensation for  
25 the eligible customer-generator's net kilowatthour consumption  
26 over that 12-month period. The compensation owed for the eligible  
27 residential or small commercial customer-generator's consumption  
28 shall be calculated as follows:

29 (A) For all eligible customer-generators taking service under  
30 contracts or tariffs employing "baseline" and "over baseline" rates,  
31 any net monthly consumption of electricity shall be calculated  
32 according to the terms of the contract or tariff to which the same  
33 customer would be assigned to, or be eligible for, if the customer  
34 was not an eligible customer-generator. If those same  
35 customer-generators are net generators over a billing period, the  
36 net kilowatthours generated shall be valued at the same price per  
37 kilowatthour as the electric utility would charge for the baseline  
38 quantity of electricity during that billing period, and if the number  
39 of kilowatthours generated exceeds the baseline quantity, the excess  
40 shall be valued at the same price per kilowatthour as the electric

1 utility would charge for electricity over the baseline quantity during  
2 that billing period.

3 (B) For all eligible customer-generators taking service under  
4 contracts or tariffs employing time-of-use rates, any net monthly  
5 consumption of electricity shall be calculated according to the  
6 terms of the contract or tariff to which the same customer would  
7 be assigned, or be eligible for, if the customer was not an eligible  
8 customer-generator. When those same customer-generators are  
9 net generators during any discrete time-of-use period, the net  
10 kilowatthours produced shall be valued at the same price per  
11 kilowatthour as the electric utility would charge for retail  
12 kilowatthour sales during that same time-of-use period. If the  
13 eligible customer-generator's time-of-use electrical meter is unable  
14 to measure the flow of electricity in two directions, paragraph (1)  
15 of subdivision (c) shall apply.

16 (C) For all eligible residential and small commercial  
17 customer-generators and for each billing period, the net balance  
18 of moneys owed to the electric utility for net consumption of  
19 electricity or credits owed to the eligible customer-generator for  
20 net generation of electricity shall be carried forward as a monetary  
21 value until the end of each 12-month period. For all eligible  
22 commercial, industrial, and agricultural customer-generators, the  
23 net balance of moneys owed shall be paid in accordance with the  
24 electric utility's normal billing cycle, except that if the eligible  
25 commercial, industrial, or agricultural customer-generator is a net  
26 electricity producer over a normal billing cycle, any excess  
27 kilowatthours generated during the billing cycle shall be carried  
28 over to the following billing period as a monetary value, calculated  
29 according to the procedures set forth in this section, and appear as  
30 a credit on the eligible commercial, industrial, or agricultural  
31 customer-generator's account, until the end of the annual period  
32 when paragraph (3) shall apply.

33 (3) At the end of each 12-month period, where the electricity  
34 generated by the eligible customer-generator during the 12-month  
35 period exceeds the electricity supplied by the electric utility during  
36 that same period, the eligible customer-generator is a net surplus  
37 customer-generator and the electric utility, upon an affirmative  
38 election by the net surplus customer-generator, shall either (A)  
39 provide net surplus electricity compensation for any net surplus  
40 electricity generated during the prior 12-month period, or (B) allow



1 the net surplus customer-generator to apply the net surplus  
2 electricity as a credit for kilowatthours subsequently supplied by  
3 the electric utility to the net surplus customer-generator. For an  
4 eligible customer-generator that does not affirmatively elect to  
5 receive service pursuant to net surplus electricity compensation,  
6 the electric utility shall retain any excess kilowatthours generated  
7 during the prior 12-month period. The eligible customer-generator  
8 not affirmatively electing to receive service pursuant to net surplus  
9 electricity compensation shall not be owed any compensation for  
10 the net surplus electricity unless the electric utility enters into a  
11 purchase agreement with the eligible customer-generator for those  
12 excess kilowatthours. Every electric utility shall provide notice to  
13 eligible customer-generators that they are eligible to receive net  
14 surplus electricity compensation for net surplus electricity, that  
15 they must elect to receive net surplus electricity compensation,  
16 and that the 12-month period commences when the electric utility  
17 receives the eligible customer-generator's election. For an electric  
18 utility that is an electrical corporation or electrical cooperative,  
19 the commission may adopt requirements for providing notice and  
20 the manner by which eligible customer-generators may elect to  
21 receive net surplus electricity compensation.

22 (4) (A) An eligible customer-generator with multiple meters  
23 may elect to aggregate the electrical load of the meters located on  
24 the property where the renewable electrical generation facility is  
25 located and on all property adjacent or contiguous to the property  
26 on which the renewable electrical generation facility is located, if  
27 those properties are solely owned, leased, or rented by the eligible  
28 customer-generator. If the eligible customer-generator elects to  
29 aggregate the electric load pursuant to this paragraph, the electric  
30 utility shall use the aggregated load for the purpose of determining  
31 whether an eligible customer-generator is a net consumer or a net  
32 surplus customer-generator during a 12-month period.

33 (B) If an eligible customer-generator chooses to aggregate  
34 pursuant to subparagraph (A), the eligible customer-generator shall  
35 be permanently ineligible to receive net surplus electricity  
36 compensation, and the electric utility shall retain any kilowatthours  
37 in excess of the eligible customer-generator's aggregated electrical  
38 load generated during the 12-month period.

39 (C) If an eligible customer-generator with multiple meters elects  
40 to aggregate the electrical load of those meters pursuant to

1 subparagraph (A), and different rate schedules are applicable to  
2 service at any of those meters, the electricity generated by the  
3 renewable electrical generation facility shall be allocated to each  
4 of the meters in proportion to the electrical load served by those  
5 meters. For example, if the eligible customer-generator receives  
6 electric service through three meters, two meters being at an  
7 agricultural rate that each provide service to 25 percent of the  
8 customer's total load, and a third meter, at a commercial rate, that  
9 provides service to 50 percent of the customer's total load, then  
10 50 percent of the electrical generation of the eligible renewable  
11 generation facility shall be allocated to the third meter that provides  
12 service at the commercial rate and 25 percent of the generation  
13 shall be allocated to each of the two meters providing service at  
14 the agricultural rate. This proportionate allocation shall be  
15 computed each billing period.

16 (D) This paragraph shall not become operative for an electrical  
17 corporation unless the commission determines that allowing  
18 eligible customer-generators to aggregate their load from multiple  
19 meters will not result in an increase in the expected revenue  
20 obligations of customers who are not eligible customer-generators.  
21 The commission shall make this determination by September 30,  
22 2013. In making this determination, the commission shall determine  
23 if there are any public purpose or other noncommodity charges  
24 that the eligible customer-generators would pay pursuant to the  
25 net energy metering program as it exists prior to aggregation, that  
26 the eligible customer-generator would not pay if permitted to  
27 aggregate the electrical load of multiple meters pursuant to this  
28 paragraph.

29 (E) A local publicly owned electric utility or electrical  
30 cooperative shall only allow eligible customer-generators to  
31 aggregate their load if the utility's ratemaking authority determines  
32 that allowing eligible customer-generators to aggregate their load  
33 from multiple meters will not result in an increase in the expected  
34 revenue obligations of customers that are not eligible  
35 customer-generators. The ratemaking authority of a local publicly  
36 owned electric utility or electrical cooperative shall make this  
37 determination within 180 days of the first request made by an  
38 eligible customer-generator to aggregate their load. In making the  
39 determination, the ratemaking authority shall determine if there  
40 are any public purpose or other noncommodity charges that the

1 eligible customer-generator would pay pursuant to the net energy  
2 metering or co-energy metering program of the utility as it exists  
3 prior to aggregation, that the eligible customer-generator would  
4 not pay if permitted to aggregate the electrical load of multiple  
5 meters pursuant to this paragraph. If the ratemaking authority  
6 determines that load aggregation will not cause an incremental  
7 rate impact on the utility's customers that are not eligible  
8 customer-generators, the local publicly owned electric utility or  
9 electrical cooperative shall permit an eligible customer-generator  
10 to elect to aggregate the electrical load of multiple meters pursuant  
11 to this paragraph. The ratemaking authority may reconsider any  
12 determination made pursuant to this subparagraph in a subsequent  
13 public proceeding.

14 (F) For purposes of this paragraph, parcels that are divided by  
15 a street, highway, or public thoroughfare are considered contiguous,  
16 provided they are otherwise contiguous and under the same  
17 ownership.

18 (G) An eligible customer-generator may only elect to aggregate  
19 the electrical load of multiple meters if the renewable electrical  
20 generation facility, or a combination of those facilities, has a total  
21 generating capacity of not more than one megawatt.

22 (H) Notwithstanding subdivision (g), an eligible  
23 customer-generator electing to aggregate the electrical load of  
24 multiple meters pursuant to this subdivision shall remit service  
25 charges for the cost of providing billing services to the electric  
26 utility that provides service to the meters.

27 (5) (A) The ratemaking authority shall establish a net surplus  
28 electricity compensation valuation to compensate the net surplus  
29 customer-generator for the value of net surplus electricity generated  
30 by the net surplus customer-generator. The commission shall  
31 establish the valuation in a ratemaking proceeding. The ratemaking  
32 authority for a local publicly owned electric utility shall establish  
33 the valuation in a public proceeding. The net surplus electricity  
34 compensation valuation shall be established so as to provide the  
35 net surplus customer-generator just and reasonable compensation  
36 for the value of net surplus electricity, while leaving other  
37 ratepayers unaffected. The ratemaking authority shall determine  
38 whether the compensation will include, where appropriate  
39 justification exists, either or both of the following components:

40 (i) The value of the electricity itself.

1 (ii) The value of the renewable attributes of the electricity.

2 (B) In establishing the rate pursuant to subparagraph (A), the  
3 ratemaking authority shall ensure that the rate does not result in a  
4 shifting of costs between eligible customer-generators and other  
5 bundled service customers.

6 (6) (A) Upon adoption of the net surplus electricity  
7 compensation rate by the ratemaking authority, any renewable  
8 energy credit, as defined in Section 399.12, for net surplus  
9 electricity purchased by the electric utility shall belong to the  
10 electric utility. Any renewable energy credit associated with  
11 electricity generated by the eligible customer-generator that is  
12 utilized by the eligible customer-generator shall remain the property  
13 of the eligible customer-generator.

14 (B) Upon adoption of the net surplus electricity compensation  
15 rate by the ratemaking authority, the net surplus electricity  
16 purchased by the electric utility shall count toward the electric  
17 utility's renewables portfolio standard annual procurement targets  
18 for the purposes of paragraph (1) of subdivision (b) of Section  
19 399.15, or for a local publicly owned electric utility, the renewables  
20 portfolio standard annual procurement targets established pursuant  
21 to Section 387.

22 (7) The electric utility shall provide every eligible residential  
23 or small commercial customer-generator with net electricity  
24 consumption and net surplus electricity generation information  
25 with each regular bill. That information shall include the current  
26 monetary balance owed the electric utility for net electricity  
27 consumed, or the net surplus electricity generated, since the last  
28 12-month period ended. Notwithstanding this subdivision, an  
29 electric utility shall permit that customer to pay monthly for net  
30 energy consumed.

31 (8) If an eligible residential or small commercial  
32 customer-generator terminates the customer relationship with the  
33 electric utility, the electric utility shall reconcile the eligible  
34 customer-generator's consumption and production of electricity  
35 during any part of a 12-month period following the last  
36 reconciliation, according to the requirements set forth in this  
37 subdivision, except that those requirements shall apply only to the  
38 months since the most recent 12-month bill.

39 (9) If an electric service provider or electric utility providing  
40 net energy metering to a residential or small commercial

1 customer-generator ceases providing that electric service to that  
2 customer during any 12-month period, and the customer-generator  
3 enters into a new net energy metering contract or tariff with a new  
4 electric service provider or electric utility, the 12-month period,  
5 with respect to that new electric service provider or electric utility,  
6 shall commence on the date on which the new electric service  
7 provider or electric utility first supplies electric service to the  
8 customer-generator.

9 (i) Notwithstanding any other provisions of this section,  
10 paragraphs (1), (2), and (3) shall apply to an eligible  
11 customer-generator with a capacity of more than 10 kilowatts, but  
12 not exceeding one megawatt, that receives electric service from a  
13 local publicly owned electric utility that has elected to utilize a  
14 co-energy metering program unless the local publicly owned  
15 electric utility chooses to provide service for eligible  
16 customer-generators with a capacity of more than 10 kilowatts in  
17 accordance with subdivisions (g) and (h):

18 (1) The eligible customer-generator shall be required to utilize  
19 a meter, or multiple meters, capable of separately measuring  
20 electricity flow in both directions. All meters shall provide  
21 time-of-use measurements of electricity flow, and the customer  
22 shall take service on a time-of-use rate schedule. If the existing  
23 meter of the eligible customer-generator is not a time-of-use meter  
24 or is not capable of measuring total flow of electricity in both  
25 directions, the eligible customer-generator shall be responsible for  
26 all expenses involved in purchasing and installing a meter that is  
27 both time-of-use and able to measure total electricity flow in both  
28 directions. This subdivision shall not restrict the ability of an  
29 eligible customer-generator to utilize any economic incentives  
30 provided by a governmental agency or an electric utility to reduce  
31 its costs for purchasing and installing a time-of-use meter.

32 (2) The consumption of electricity from the local publicly owned  
33 electric utility shall result in a cost to the eligible  
34 customer-generator to be priced in accordance with the standard  
35 rate charged to the eligible customer-generator in accordance with  
36 the rate structure to which the customer would be assigned if the  
37 customer did not use a renewable electrical generation facility.  
38 The generation of electricity provided to the local publicly owned  
39 electric utility shall result in a credit to the eligible  
40 customer-generator and shall be priced in accordance with the

1 generation component, established under the applicable structure  
2 to which the customer would be assigned if the customer did not  
3 use a renewable electrical generation facility.

4 (3) All costs and credits shall be shown on the eligible  
5 customer-generator's bill for each billing period. In any months  
6 in which the eligible customer-generator has been a net consumer  
7 of electricity calculated on the basis of value determined pursuant  
8 to paragraph (2), the customer-generator shall owe to the local  
9 publicly owned electric utility the balance of electricity costs and  
10 credits during that billing period. In any billing period in which  
11 the eligible customer-generator has been a net producer of  
12 electricity calculated on the basis of value determined pursuant to  
13 paragraph (2), the local publicly owned electric utility shall owe  
14 to the eligible customer-generator the balance of electricity costs  
15 and credits during that billing period. Any net credit to the eligible  
16 customer-generator of electricity costs may be carried forward to  
17 subsequent billing periods, provided that a local publicly owned  
18 electric utility may choose to carry the credit over as a kilowatthour  
19 credit consistent with the provisions of any applicable contract or  
20 tariff, including any differences attributable to the time of  
21 generation of the electricity. At the end of each 12-month period,  
22 the local publicly owned electric utility may reduce any net credit  
23 due to the eligible customer-generator to zero.

24 (j) A renewable electrical generation facility used by an eligible  
25 customer-generator shall meet all applicable safety and  
26 performance standards established by the National Electrical Code,  
27 the Institute of Electrical and Electronics Engineers, and accredited  
28 testing laboratories, including Underwriters Laboratories  
29 Incorporated and, where applicable, rules of the commission  
30 regarding safety and reliability. A customer-generator whose  
31 renewable electrical generation facility meets those standards and  
32 rules shall not be required to install additional controls, perform  
33 or pay for additional tests, or purchase additional liability  
34 insurance.

35 (k) If the commission determines that there are cost or revenue  
36 obligations for an electrical corporation that may not be recovered  
37 from customer-generators acting pursuant to this section, those  
38 obligations shall remain within the customer class from which any  
39 shortfall occurred and shall not be shifted to any other customer  
40 class. Net energy metering and co-energy metering customers shall

1 not be exempt from the public goods charges imposed pursuant to  
2 Article 7 (commencing with Section 381), Article 8 (commencing  
3 with Section 385), or Article 15 (commencing with Section 399)  
4 of Chapter 2.3 of Part 1.

5 (l) A net energy metering, co-energy metering, or wind energy  
6 co-metering customer shall reimburse the Department of Water  
7 Resources for all charges that would otherwise be imposed on the  
8 customer by the commission to recover bond-related costs pursuant  
9 to an agreement between the commission and the Department of  
10 Water Resources pursuant to Section 80110 of the Water Code,  
11 as well as the costs of the department equal to the share of the  
12 department's estimated net unavoidable power purchase contract  
13 costs attributable to the customer. The commission shall  
14 incorporate the determination into an existing proceeding before  
15 the commission, and shall ensure that the charges are  
16 nonbypassable. Until the commission has made a determination  
17 regarding the nonbypassable charges, net energy metering,  
18 co-energy metering, and wind energy co-metering shall continue  
19 under the same rules, procedures, terms, and conditions as were  
20 applicable on December 31, 2002.

21 (m) In implementing the requirements of subdivisions (k) and  
22 (l), an eligible customer-generator shall not be required to replace  
23 its existing meter except as set forth in paragraph (1) of subdivision  
24 (c), nor shall the electric utility require additional measurement of  
25 usage beyond that which is necessary for customers in the same  
26 rate class as the eligible customer-generator.

27 (n) It is the intent of the Legislature that the Treasurer  
28 incorporate net energy metering, including net surplus electricity  
29 compensation, co-energy metering, and wind energy co-metering  
30 projects undertaken pursuant to this section as sustainable building  
31 methods or distributive energy technologies for purposes of  
32 evaluating low-income housing projects.